

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL		5. MINERAL LEASE NO: ML-22794	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>		8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: KERR McGEE OIL & GAS ONSHORE L.P.		9. WELL NAME and NUMBER: STATE 1021-311	
3. ADDRESS OF OPERATOR: 1368 S 1200 E CITY VERNAL STATE UT ZIP 84078		PHONE NUMBER: (435) 781-7024	10. FIELD AND POOL, OR WILDCAT: NATURAL BUTTES
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1908'FSL, 489'FEL AT PROPOSED PRODUCING ZONE:		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESE 31 10S 21E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 16.9 MILES SOUTH OF OURAY, UTAH		12. COUNTY: UINTAH	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 489'	16. NUMBER OF ACRES IN LEASE: 643.12	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40.00	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) REFER TO TOPO C	19. PROPOSED DEPTH: 9,200	20. BOND DESCRIPTION: RLB0005237	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5354'GL	22. APPROXIMATE DATE WORK WILL START:	23. ESTIMATED DURATION:	

24. PROPOSED CASING AND CEMENTING PROGRAM							
SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12 1/4"	9 5/8	H-40	32.3#	1,800	265 SX CLASS G	1.18 YIELD	15.6 PPG
7 7/8"	4 1/2	I-80	11.6#	9,200	1950 SX 50/50 POZ	1.31 YIELD	14.3 PPG

25. ATTACHMENTS	
VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:	
<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) SHEILA UPCHEGO TITLE SENIOR LAND ADMIN SPECIALIST
SIGNATURE *[Signature]* DATE 3/1/2007

(This space for State use only)

Approved by the
Utah Division of
Oil, Gas and Mining

APPROVAL:

API NUMBER ASSIGNED: 43-047-39121

Date: 06-12-07
By: *[Signature]*

(See Instructions on Reverse Side)

RECEIVED

MAR 16 2007

DIV. OF OIL, GAS & MINING

R
22
ER
21
E

T10S, R21E, S.L.B.&M.

N89°00'37"W - 5357.81' (Meas.)

1/2" Rebar 0.6'
High, Pile of
Stones, Set StoneBrass Cap, Flush W/
Pile of Stones

Lot 1

Set Marked
Stone

Lot 2

Brass Cap

Lot 3

Lot 4

1977 Brass Cap,
Flush With Pile
of StonesSet Marked Stone,
Scattered StonesSet Marked Stone,
Scattered StonesSet Marked
Stone, Pile
of Stones1991 Alum. Cap,
1.3' High, Pile of
Stones

T10S

T11S

S89°43'43"W
1332.86' (Meas.)S89°45'55"W
1329.59' (Meas.)S89°55'19"W
1325.27' (Meas.)N89°08'48"W
1328.55' (Meas.)

Sec. 6

Sec. 5

LEGEND:

└─ = 90° SYMBOL

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

(NAD 83)

LATITUDE = 39°54'06.86" (39.901906)

LONGITUDE = 109°35'12.43" (109.586786)

(NAD 27)

LATITUDE = 39°54'06.98" (39.901939)

LONGITUDE = 109°35'09.95" (109.586097)

Kerr-McGee Oil & Gas Onshore LP

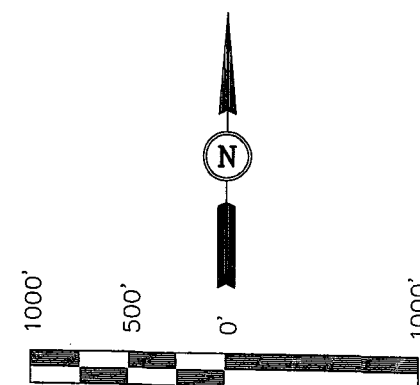
Well location, STATE #1021-31I, located as shown in the NE 1/4 SE 1/4 of Section 31, T10S, R21E, S.L.B.&M., Uintah County, Utah.

BASIS OF ELEVATION

TWO WATER TRIANGULATION STATION LOCATED IN THE NW 1/4 OF SECTION 1, T10S, R21E, S.L.B.&M. TAKEN FROM THE BIG PACK MTN NE, QUADRANGLE, UTAH, UTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5238 FEET.

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

SCALE
CERTIFICATE

THIS IS TO CERTIFY THAT THE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEY MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



UNTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 12-17-06	DATE DRAWN: 12-27-06
PARTY N.H. G.S. K.G.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE Kerr-McGee Oil & Gas Onshore LP	

STATE 1021-31I
NE/SE SEC. 31, T10S, R21E
UINTAH COUNTY, UTAH
ML-22794

ONSHORE ORDER NO. 1

DRILLING PROGRAM

1. **Estimated Tops of Important Geologic Markers:**

<u>Formation</u>	<u>Depth</u>
Uinta	0- Surface
Green River	998'
Top of Birds Nest Water	1232'
Mahogany	1754'
Wasatch	4160'
Mesaverde	7041'
MVU2	8057'
MVL1	8563'
TD	9200'

2. **Estimated Depths of Anticipated Water, Oil, Gas, or Mineral Formations:**

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Water	Green River	998'
	Top of Birds Nest Water	1232'
	Mahogany	1754'
Gas	Wasatch	4160'
Gas	Mesaverde	7041'
Gas	MVU2	8057'
Gas	MVL1	8563'
Water	N/A	
Other Minerals	N/A	

3. **Pressure Control Equipment** (Schematic Attached)

Please refer to the attached Drilling Program.

4. **Proposed Casing & Cementing Program:**

Please refer to the attached Drilling Program.

5. **Drilling Fluids Program:**

Please refer to the attached Drilling Program.

6. **Evaluation Program:**

Please refer to the attached Drilling Program.

7. **Abnormal Conditions:**

Maximum anticipated bottomhole pressure calculated at 9200' TD, approximately equals 5704 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 3680 psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. **Anticipated Starting Dates:**

Drilling is planned to commence immediately upon approval of this application.

9. **Variances:**

Please refer to the attached Drilling Program.

10. **Other Information:**

Please refer to the attached Drilling Program.



KERR-McGEE OIL & GAS ONSHORE LP

DRILLING PROGRAM

COMPANY NAME KERR-McGEE OIL & GAS ONSHORE LP DATE March 1, 2007
 WELL NAME STATE 1021-311 TD 9,200' MD/TVD
 FIELD Natural Buttes COUNTY Uintah STATE Utah ELEVATION 5,354' GL KB 5,369'
 SURFACE LOCATION NE/SE SEC. 31, T10S, R21E 1908'FSL, 489'FEL BHL Straight Hole
 Latitude: 39.901906 Longitude: 109.586786
 OBJECTIVE ZONE(S) Wasatch/Mesaverde
 ADDITIONAL INFO Regulatory Agencies: UDOGM (SURF & MINERALS), Tri-County Health Dept.

GEOLOGICAL			MECHANICAL		
LOGS	FORMATION	DEPTH	HOLE SIZE	CASING SIZE	MUD WEIGHT
	TOPS				
		40'		14"	
			12-1/4"	9-5/8", 32.3#, H-40, STC	Air mist
Catch water sample, if possible, from 0 to 4,160'					
	Green River @	0,998'			
	Top of Birds Nest Water @	1232'			
	Mahogany @	1,754'			
	Preset f/ GL @				
	1,800' MD				
Note: 12.25" surface hole will usually be drilled ±400' below the bottom of lost circulation zone. Drilled depth may be ±200' of the estimated set depth depending on the actual depth of the loss zone.					
Mud logging program TBD					
Open hole logging program f/ TD - surf csg					
	Wasatch @	4,160'	7-7/8"	4-1/2", 11.6#, I-80 or equivalent LTC casing	Water/Fresh Water Mud 8.3-11.5 ppg
	Mverde @	7,041'			
	MVU2 @	8,057'			
	MVL1 @	8,563'			
					Max anticipated Mud required 11.5 ppg
		TD @ 9,200'			



KERR-McGEE OIL & GAS ONSHORE LP DRILLING PROGRAM

CASING PROGRAM

	SIZE	INTERVAL	WT.	GR.	CPLG.	DESIGN FACTORS		
						BURST	COLLAPSE	TENSION
CONDUCTOR	14"	0-40'				2270	1370	254000
SURFACE	9-5/8"	0 to 1800	32.30	H-40	STC	0.65*****	1.63	4.99
PRODUCTION	4-1/2"	0 to 9200	11.60	I-80	LTC	2.24	1.15	201000

- 1) Max Anticipated Surf. Press. (MASP) (Surface Casing) = (Pore Pressure at next csg point - (0.22 psi/ft - partial evac gradient x TVD of next csg point))
 2) MASP (Prod Casing) = Pore Pressure at TD - (.22 psi/ft - partial evac gradient x TD)
 (Burst Assumptions: TD = 11.5 ppg) .22 psi/ft = gradient for partially evac wellbore
 (Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing * Buoy. Fact. of water)
 MASP 3478 psi

***** Burst SF is low but csg is much stronger than formation at 2000'. EMW @ 2000' for 2270# is 21.8 ppg or 1.13 psi/ft

CEMENT PROGRAM

		FT. OF FILL	DESCRIPTION	SACKS	EXCESS	WEIGHT	YIELD
SURFACE	LEAD	500	Premium cmt + 2% CaCl + .25 pps flocele	215	60%	15.60	1.18
Option 1	TOP OUT CMT (1)	200	20 gals sodium silicate + Premium cmt + 2% CaCl + .25 pps flocele	50		15.60	1.18
	TOP OUT CMT (2)	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
SURFACE	Option 2		NOTE: If well will circulate water to surface, option 2 will be utilized				
	LEAD	1500	Prem cmt + 16% Gel + 10 pps gilsonite + .25 pps Flocele + 3% salt BWOC	170	35%	11.00	3.82
	TAIL	500	Premium cmt + 2% CaCl + .25 pps flocele	180	35%	15.60	1.18
	TOP OUT CMT	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
PRODUCTION	LEAD	3,660'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	400	60%	11.00	3.38
	TAIL	5,540'	50/50 Poz/G + 10% salt + 2% gel +.1% R-3	1550	60%	14.30	1.31

*Substitute caliper hole volume plus 0% excess for LEAD if accurate caliper is obtained

*Substitute caliper hole volume plus 10% excess for TAIL if accurate caliper is obtained

FLOAT EQUIPMENT & CENTRALIZERS

SURFACE	Guide shoe, 1 jt, insert float. Centralize first 3 joints with bow spring centralizers. Thread lock guide shoe.
PRODUCTION	Float shoe, 1 jt, float collar. Centralize first 3 joints & every third joint to top of tail cement with bow spring centralizers.

ADDITIONAL INFORMATION

Test casing head to 750 psi after installing. Test surface casing to 1,500 psi prior to drilling out.

BOPE: 11" 5M with one annular and 2 rams. Test to 5,000 psi (annular to 2,500 psi) prior to drilling out. Record on chart recorder & tour sheet. Function test rams on each trip. Maintain safety valve & inside BOP on rig floor at all times. Kelly to be equipped with upper & lower kelly valves.

Drop Totco surveys every 2000'. Maximum allowable hole angle is 5 degrees.

Most rigs have PVT Systems for mud monitoring. If no PVT is available, visual monitoring will be utilized.

DRILLING ENGINEER:

Brad Laney

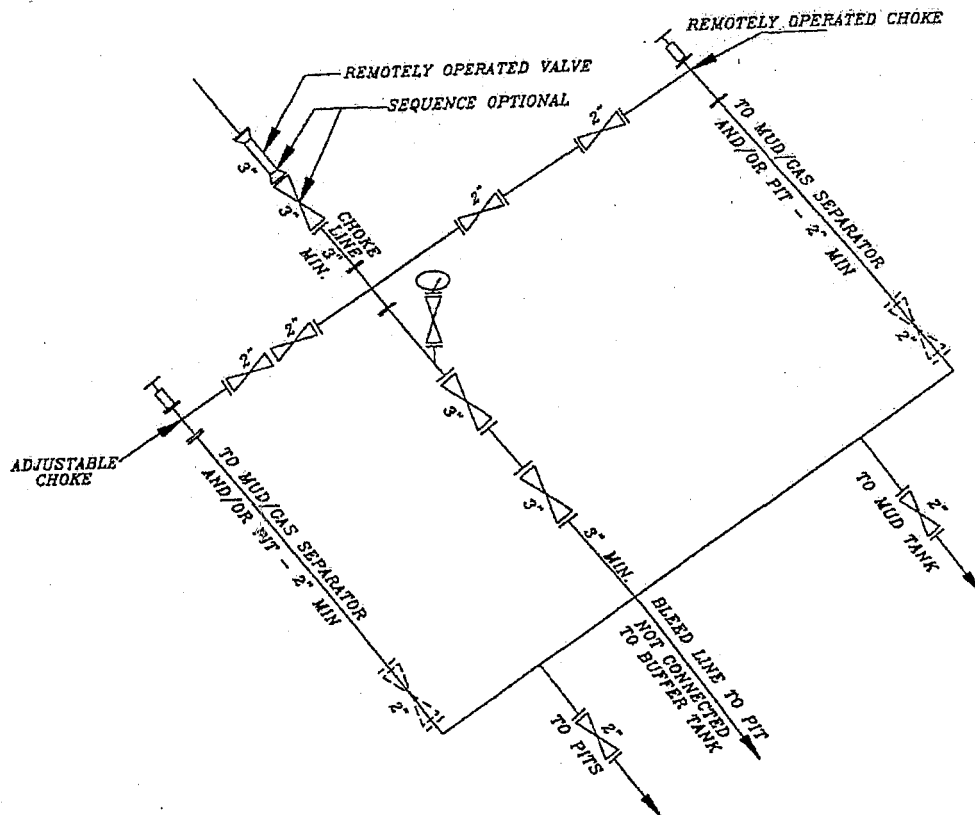
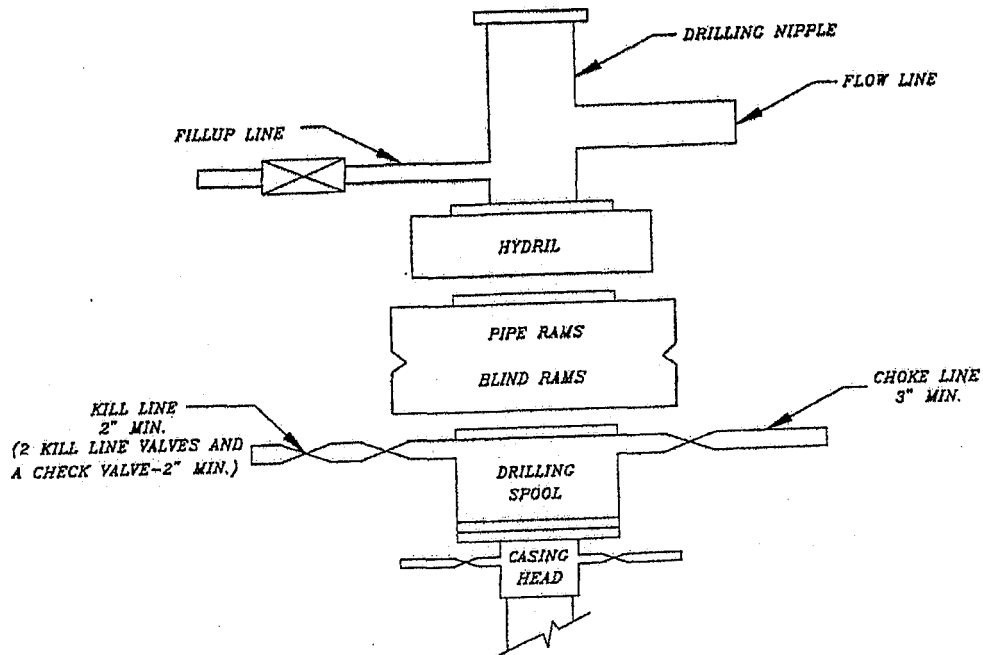
DATE: _____

DRILLING SUPERINTENDENT:

Randy Bayne

DATE: _____

5M BOP STACK and CHOKE MANIFOLD SYSTEM



STATE 1021-31I
NE/SE SEC. 31, T10S, R21E
Uintah County, UT
ML-22794

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. Existing Roads:

Refer to Topo Map A for directions to the location.

Refer to Topo Maps A and B for location of access roads within a 2-mile radius.

Refer to Topo Maps A and B for location of access roads within a 2 mile radius.

All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

2. Planned Access Roads:

Approximately 0.2 +/- miles of new access road is proposed. Refer to Topo Map B for the location of the proposed access road.

The upgraded and new portions of the access road will be crowned and ditched with a running surface of 18 feet and a maximum disturbed width of 30 feet. Appropriate water control will be installed to control erosion.

Existence of pipelines; maximum grade; turnouts; major cut and fills, culverts, or bridges; gates, cattle guards, fence cuts, or modifications to existing facilities were determined at the on-site.

The access road was centerline flagged during time of staking.

Surfacing material may be necessary, depending upon weather conditions.

Surface disturbance and vehicular traffic will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.

3. Location of Existing Wells Within a 1-Mile Radius:

Please refer to Topo Map C.

4. Location of Existing & Proposed Facilities:

The following guidelines will apply if the well is productive.

All production facilities will be located on the disturbed portion of the well pad and at a minimum of 25 feet from the toe of the back slope or the top of the fill slope.

A dike will be constructed completely around those production facilities which contain

fluids (i.e., production tanks, produced water tanks, and/or heater/treater). These dikes will be constructed of compacted subsoil, be impervious, hold 100% of the capacity of the largest tank, and be independent of the back cut.

All permanent (on-site six months or longer) above the ground structures constructed or installed, including pumping units, will be painted a flat, non-reflective, earthtone color to match one of the standard environmental colors, as determined by the five state Rocky Mountain Inter-Agency Committee.

All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The required color is Carlsbad Canyon, standard color number 2.5Y 6/2.

Any necessary pits will be properly fenced to protect livestock and prevent wildlife entry.

Approximately 876' +/- of 4" steel pipeline is proposed from the location to an tie-in point. Refer to Topo Map D.

5. Location and Type of Water Supply:

Water for drilling purposes will be obtained from Dalbo Inc.'s underground well located in Ouray, Utah, Sec. 32, T4S, R3E, Water User Claim #43-8496, Application #53617.

Water will be hauled to location over the roads marked on Maps A and B.

No water well is to be drilled on this lease.

6. Source of Construction Materials:

Surface and subsoil materials in the immediate area will be utilized.

Any gravel will be obtained from a commercial source.

7. Methods of Handling Waste Materials:

Drill cuttings will be contained and buried in the reserve pit.

Drilling fluids, including salts and chemicals, will be contained in the reserve pit. Upon termination of drilling and completion operations, the liquid contents of the reserve pit will be removed and disposed of at an approved waste disposal facility within 120 days after drilling is terminated.

The reserve pit will be constructed on the location and will not be located within natural drainage, where a flood hazard exists or surface runoff will destroy or damage the pit walls. The reserve pit will be constructed so that it will not leak, break, or allow discharge of liquids.

A plastic reinforced liner and felt will be used, it will be a minimum of 20 mil thick, with sufficient bedding used to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash or scrap that could puncture the liner will be disposed of in the pit.

Any spills of oil, gas, salt water, or other noxious fluids will be immediately cleaned up and removed to an approved disposal site.

A chemical porta-toilet will be furnished with the drilling rig.

Garbage, trash, and other waste materials will be collected in a portable, self-contained, fully enclosed trash cage during operations. No trash will be burned on location.

All debris and other waste material not contained in the trash cage will be cleaned up and removed from the location immediately after removal of the drilling rig.

Any open pits will be fenced during the operations. The fencing will be maintained until such time as the pits are backfilled.

No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

Any produced water from the proposed well will be contained in a water tank and will then be hauled by truck to one of the pre-approved disposal sites: RNI, Sec. 5, T9S, R22E, NBU #159, Sec. 35, T9S, R21E, Ace Oilfield, Sec. 2, T6S, R20E, MC&MC, Sec. 12, T6S, R19E.

8. Ancillary Facilities:

None are anticipated.

9. Well Site Layout: (See Location Layout Diagram)

The attached Location Layout Diagram describes drill pad cross-sections, cuts and fills, and locations of the mud tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s), and surface material stockpile(s).

Please see the attached diagram to describe rig orientation, parking areas, and access roads.

The reserve pit will be lined, and when the reserve pit is closed, the pit liner will be buried below plow depth.

All pits will be fenced according to the following minimum standards:

39 inch net wire will be used with at least one strand of barbed wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

The net wire shall be no more than two inches above the ground. The barbed wire shall be three inches over the net wire. Total height of the fence shall be at least 42 inches.

Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance

between any 2 fence posts shall be no greater than 16 feet.

All wire shall be stretched, by using a stretching device, before it is attached to corner posts.

The reserve pit fencing will be on three sides during drilling operations, and on the fourth side when the rig moves off location. Pits will be fenced and maintained until cleanup.

Location size may change prior to the drilling of the well due to current rig availability. If the proposed location is not large enough to accommodate the drilling rig the location will be re-surveyed and a Form 9 shall be submitted.

10. Plans for Reclamation of the Surface:

Producing Location:

Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, materials, trash, and debris not required for production.

Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1.

A plastic, nylon reinforced liner will be used, it shall be torn and perforated before backfilling of the reserve pit.

Before any dirt work associated with location restoration takes place, the reserve pit shall be as dry as possible. All debris in it will be removed. Other waste and spoil materials will be disposed of immediately upon completion of operations.

The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 90 days from the date of well completion, weather permitting.

To prevent surface water (s) from standing (ponding) on the reclaimed reserve pit area, final reclamation of the reserve pit will consist of "mounding" the surface three feet above surrounding ground surface to allow the reclaimed pit area to drain effectively.

Upon completion of backfilling, leveling, and recontouring, the stockpiled topsoil will be spread evenly over the reclaimed area(s).

Dry Hole/Abandoned Location:

Abandoned well sites, roads, and other disturbed areas will be restored as near as practical to their original condition. Where applicable, these conditions include the re-establishment of irrigation systems, the re-establishment of appropriate soil conditions, and re-establishment of vegetation as specified.

All disturbed surfaces will be recontoured to the approximate natural contours, with reclamation of the well pad and access road to be performed as soon as practical after final abandonment. Reseeding operations will be performed after completion of other reclamation operations.

11. Surface Ownership:

SITLA
675 East 500 South, Suite 500
Salt Lake City, UT 84102

12. Other Information:

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, the approved Plan of Operations, and any applicable Notice of Lessees. The Operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

The Operator will control noxious weeds along Rights-Of-Way for roads, pipelines, well sites, or other applicable facilities.

A Class III archaeological survey will be submitted when report becomes available.

This location is not within 460' from the boundary of the Natural Buttes Unit, nor is it within 460' of any non-committed tract lying within the boundaries of the Unit.

13. Lessee's or Operators's Representative & Certification:

Sheila Upchego
Senior Land Admin Specialist
Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East.
Vernal, UT 84078
(435) 781-7024

Randy Bayne
Drilling Manager
Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East
Vernal, UT 84078
(435)781-7018

Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

Kerr-McGee Oil & Gas Onshore LP is considered to be the operator of the subject well. Kerr-McGee Oil & Gas Onshore LP agrees to be responsible under terms and conditions of the lease for the operations conducted upon leased lands.

Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by State Surety Bond #RLB0005237.

I hereby certify that I, or persons under my supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions that currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by the Operator, its contractors, and subcontractors in conformity with this plan and the terms and conditions under which it is approved.


Sheila Upchego

3/1/2007
Date

Kerr-McGee Oil & Gas Onshore LP

STATE #1021-31I

SECTION 31, T10S, R21E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; TURN LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 15.6 MILES ON THE SEEP RIDGE ROAD TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY DIRECTION APPROXIMATELY 1.1 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE NORTH; FOLLOW ROAD FLAGS IN A NORTHERLY, THEN WESTERLY DIRECTION APPROXIMATELY 0.2 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 47.9 MILES.

Kerr-McGee Oil & Gas Onshore LP

STATE #1021-31I

LOCATED IN UINTAH COUNTY, UTAH
SECTION 31, T10S, R21E, S.L.B.&M.

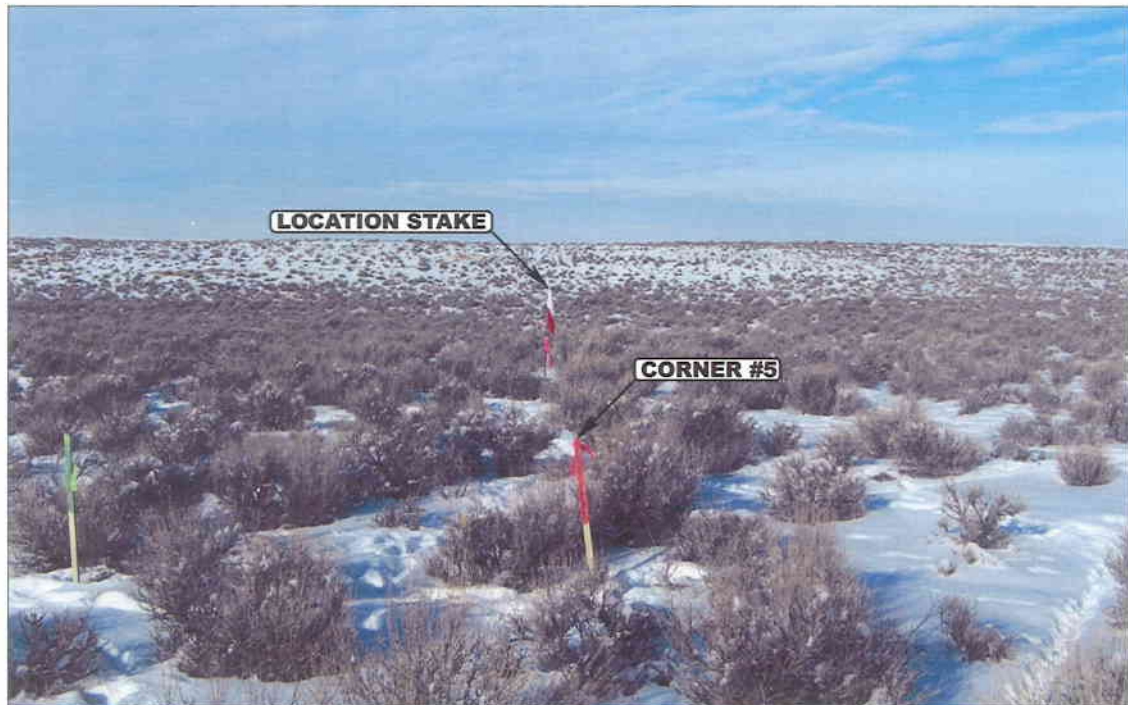


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

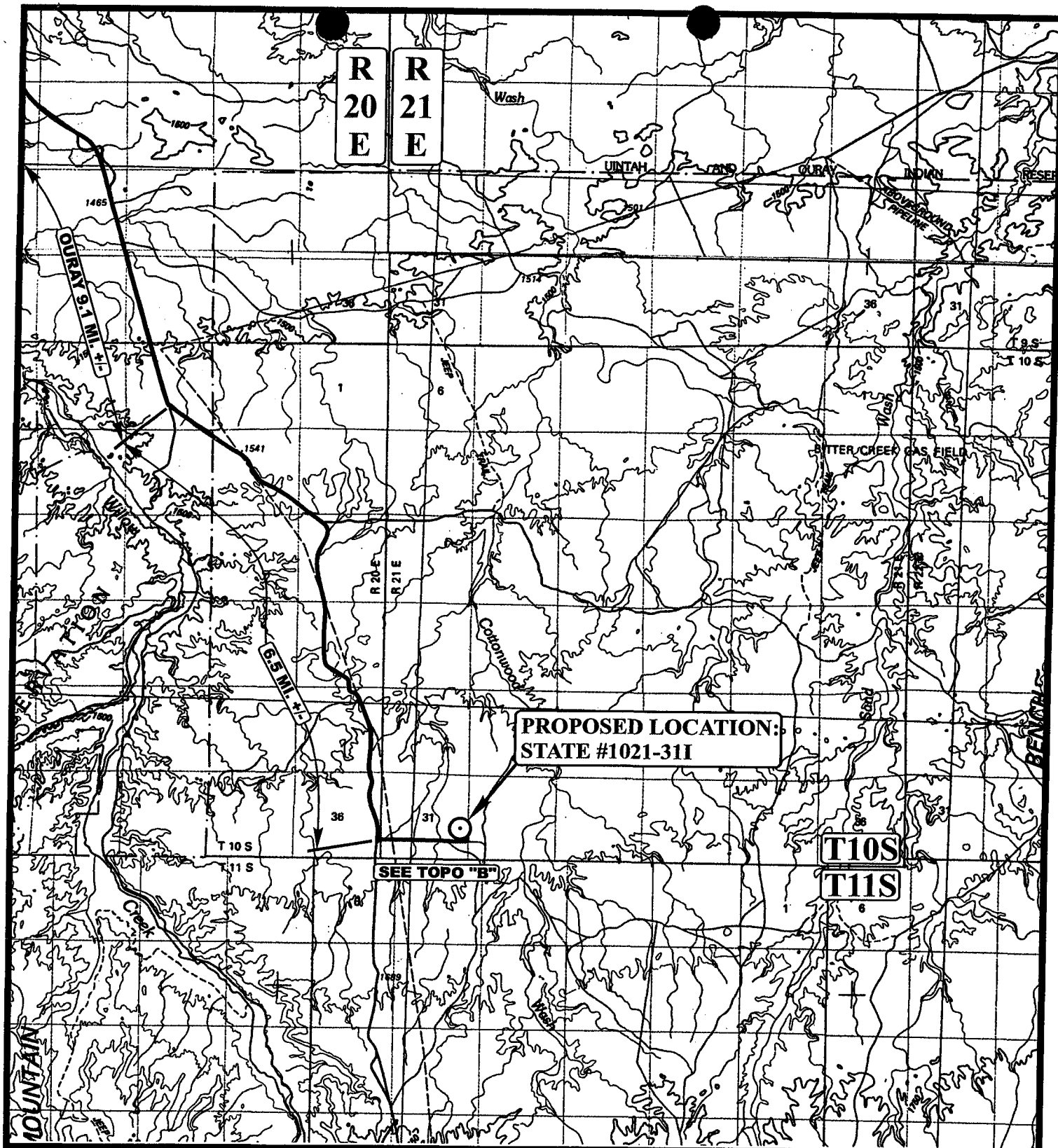
12 27 06
MONTH DAY YEAR

PHOTO

TAKEN BY: N.H.

DRAWN BY: B.C.

REVISED: 00-00-00



LEGEND:

○ PROPOSED LOCATION

N

Kerr-McGee Oil & Gas Onshore LP

STATE #1021-311

SECTION 31, T10S, R21E, S.L.B.&M.

1908' FSL 489' FEL



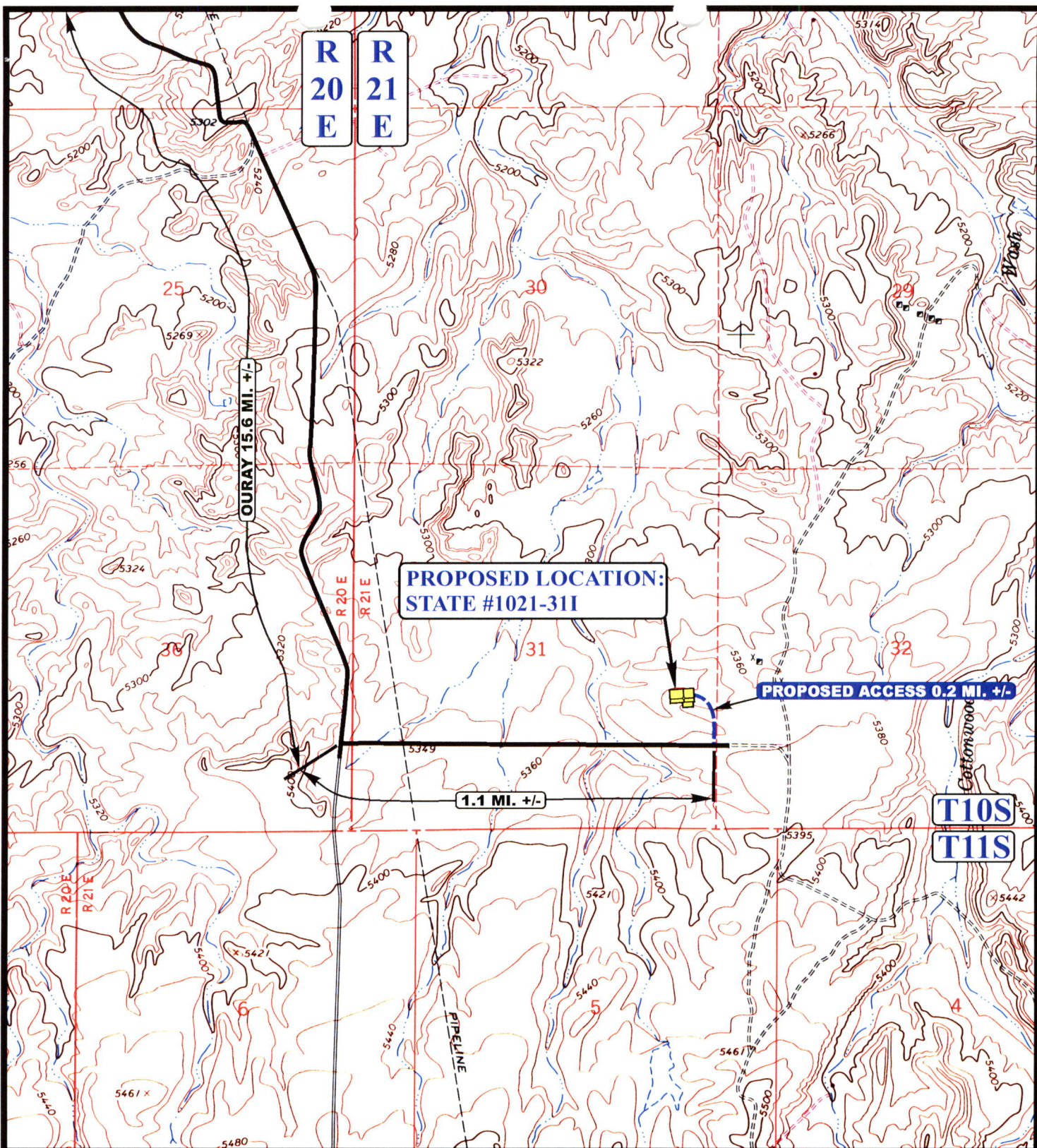
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

**TOPOGRAPHIC
MAP**

12 27 06
MONTH DAY YEAR

SCALE: 1:100,000 DRAWN BY: B.C. REVISED: 00-00-00





LEGEND:

EXISTING ROAD
 PROPOSED ACCESS ROAD

Kerr-McGee Oil & Gas Onshore LP

STATE #1021-31I
SECTION 31, T10S, R21E, S.L.B.&M.
1908' FSL 489' FEL



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

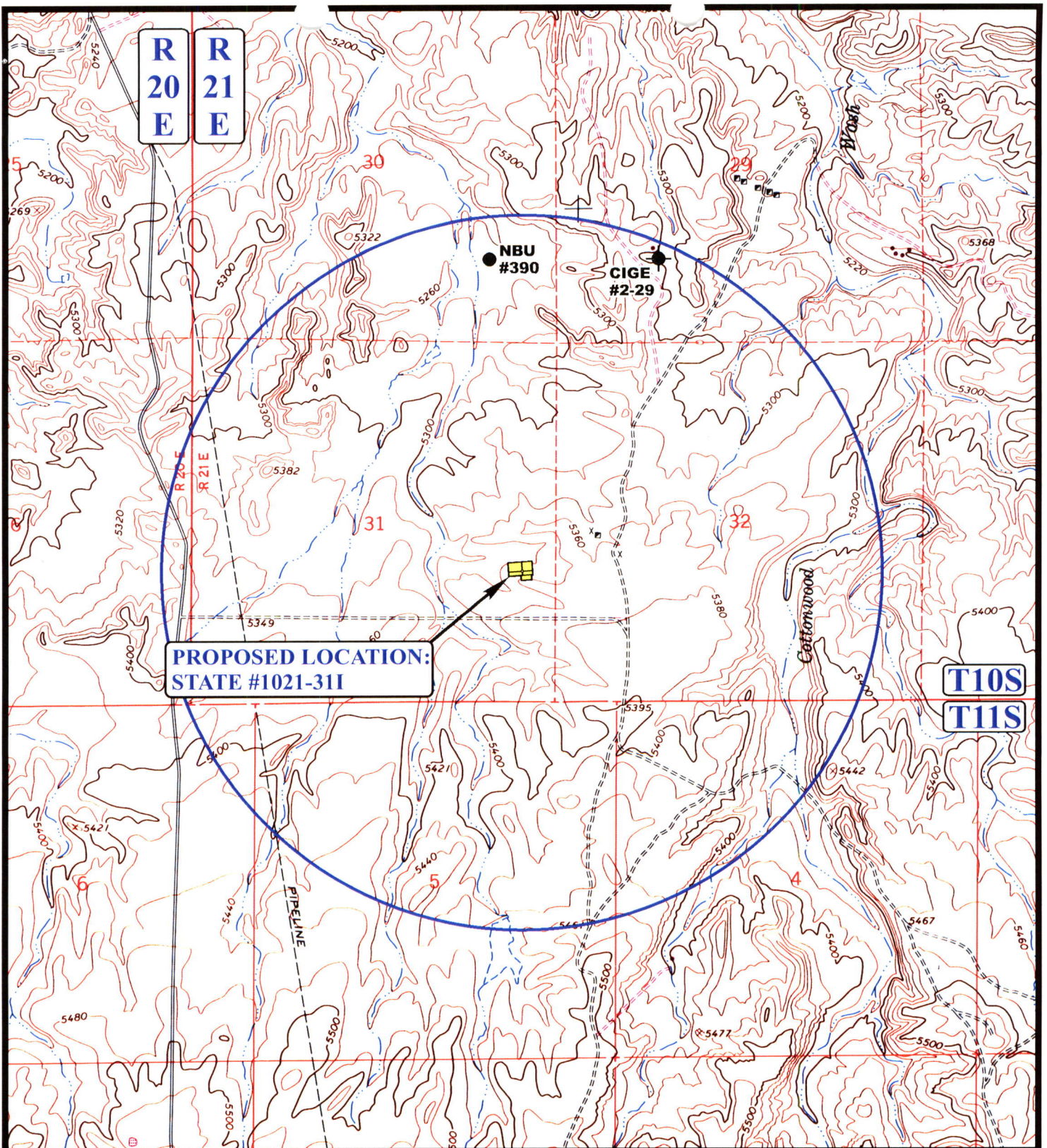


TOPOGRAPHIC
MAP

12 **27** **06**
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: B.C. REVISED: 00-00-00





LEGEND:

- DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED

Kerr-McGee Oil & Gas Onshore LP

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SECTION 31, T10S, R21E, S.L.B.&M.
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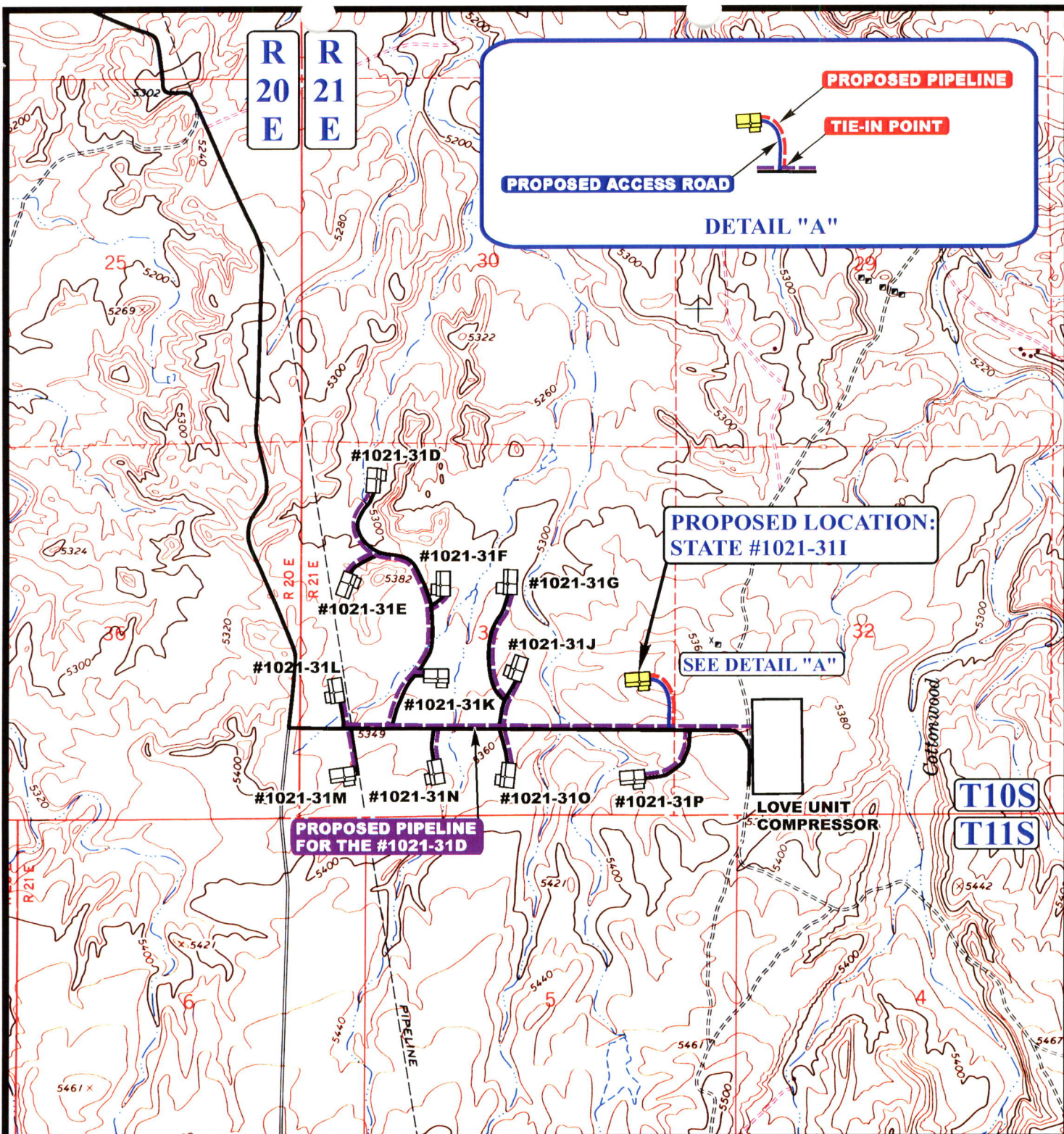


TOPOGRAPHIC
MAP

12 27 06
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: B.C. REVISED: 00-00-00





APPROXIMATE TOTAL PIPELINE DISTANCE = 876' +/-

LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING PIPELINE
- - - - PROPOSED PIPELINE
- - - - PROPOSED PIPELINE (SERVICING OTHER WELLS)



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Kerr-McGee Oil & Gas Onshore LP

STATE #1021-31I
SECTION 31, T10S, R21E, S.L.B.&M.
1908' FSL 489' FEL

TOPOGRAPHIC
MAP

12 27 06
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: B.C. REVISED: 00-00-00



Kerr-McGee Oil & Gas Onshore LP

STATE #1021-31I

PIPELINE ALIGNMENT

LOCATED IN UINTAH COUNTY, UTAH

SECTION 31, T10S, R21E, S.L.B.&M.



PHOTO: VIEW FROM TIE-IN POINT

CAMERA ANGLE: NORTHERLY



PHOTO: VIEW OF PIPELINE ALIGNMENT

CAMERA ANGLE: NORTHERLY



UELS Uintah Engineering & Land Surveying

85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

PIPELINE PHOTOS

12 27 06
MONTH DAY YEAR

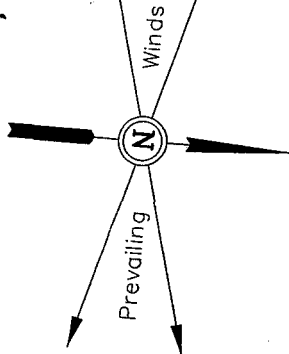
PHOTO

TAKEN BY: N.H.

DRAWN BY: B.C.

REVISED: 00-00-00

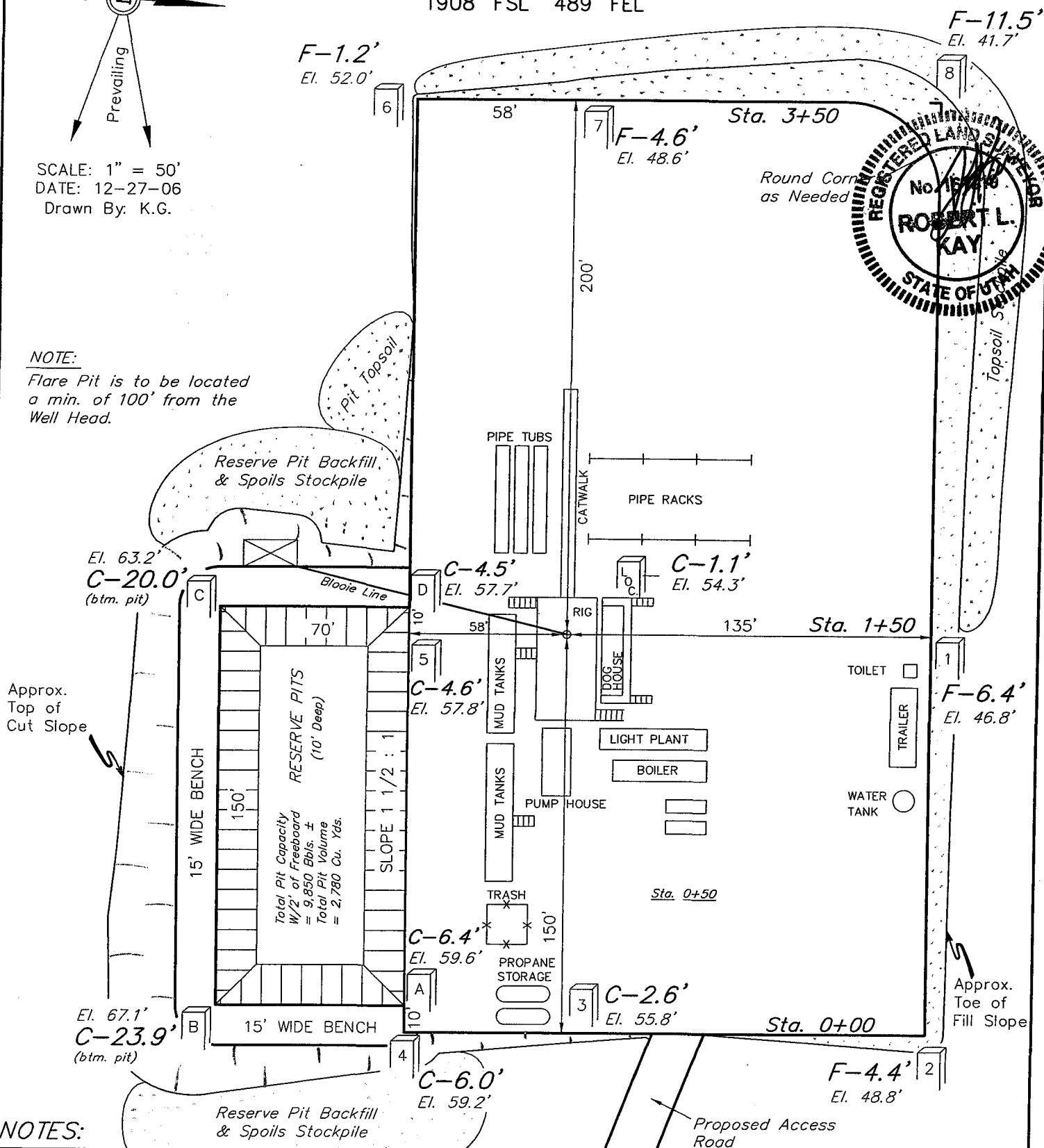
LOCATION LAYOUT FOR STATE #1021-31I SECTION 31, T10S, R21E, S.L.B.&M. 1908' FSL 489' FEL



SCALE: 1" = 50'
DATE: 12-27-06
Drawn By: K.G.

NOTE:

Flare Pit is to be located a min. of 100' from the Well Head.

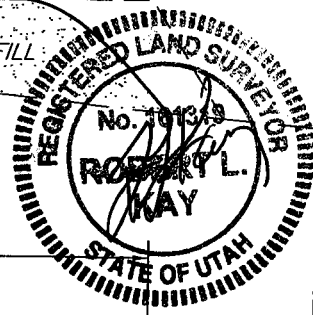
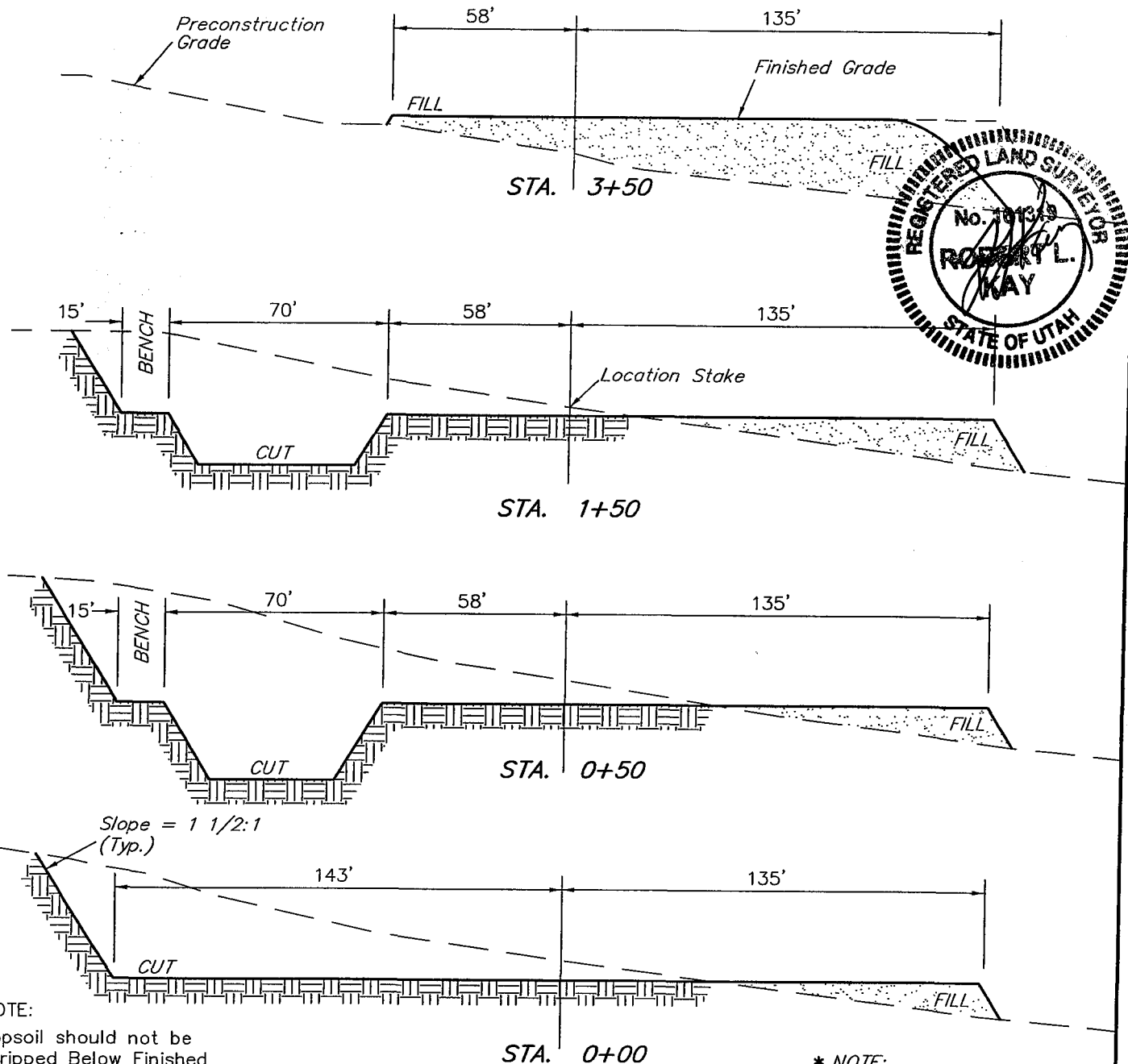


NOTES:

Elev. Ungraded Ground At Loc. Stake = 5354.3'
FINISHED GRADE ELEV. AT LOC. STAKE = 5353.2'

TYPICAL CROSS SECTIONS FOR
STATE #1021-31I
SECTION 31, T10S, R21E, S.L.B.&M.
1908' FSL 489' FEL

1" = 20'
X-Section
Scale
1" = 50'
DATE: 12-27-06
Drawn By: K.G.



NOTE:
Topsoil should not be
Stripped Below Finished
Grade on Substructure Area.

* NOTE:
FILL QUANTITY INCLUDES
5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT
(6") Topsoil Stripping = 1,860 Cu. Yds.
Remaining Location = 11,010 Cu. Yds.
TOTAL CUT = 12,870 CU.YDS.
FILL = 9,620 CU.YDS.

EXCESS MATERIAL = 3,250 Cu. Yds.
Topsoil & Pit Backfill = 3,250 Cu. Yds.
(1/2 Pit Vol.)
EXCESS UNBALANCE = 0 Cu. Yds.
(After Interim Rehabilitation)

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 03/16/2007

API NO. ASSIGNED: 43-047-39121

WELL NAME: STATE 1021-31I

OPERATOR: KERR-MCGEE OIL & GAS (N2995)

PHONE NUMBER: 435-781-7024

CONTACT: SHEILA UPCHEGO

PROPOSED LOCATION:

NESE 31 100S 210E

SURFACE: 1908 FSL 0489 FEL

BOTTOM: 1908 FSL 0489 FEL

COUNTY: Uintah

LATITUDE: 39.90192 LONGITUDE: -109.5862

UTM SURF EASTINGS: 620864 NORTHINGS: 4417618

FIELD NAME: NATURAL BUTTES (630)

INSPECT LOCATN BY: / /

Tech Review

Initials

Date

Engineering

DKD

4/30/07

Geology

Surface

LEASE TYPE: 3 - State

LEASE NUMBER: ML-22794

PROPOSED FORMATION: WSMVD

SURFACE OWNER: 3 - State

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat

☒ Bond: Fed[] Ind[] Sta[] Fee[]
(No. 22013542)

☒ Potash (Y/N)

☒ Oil Shale 190-5 (B) or 190-3 or 190-13

☒ Water Permit

(No. 43-8496)

☒ RDCC Review (Y/N)

(Date:)

☒ Fee Surf Agreement (Y/N)

☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

___ R649-2-3.

Unit: ___

☒ R649-3-2. General

Siting: 460 From Qtr/Qtr & 920' Between Wells

___ R649-3-3. Exception

___ Drilling Unit

Board Cause No: ___

Eff Date: ___

Siting: ___

___ R649-3-11. Directional Drill

COMMENTS:

Needs Presite (04-05-07)

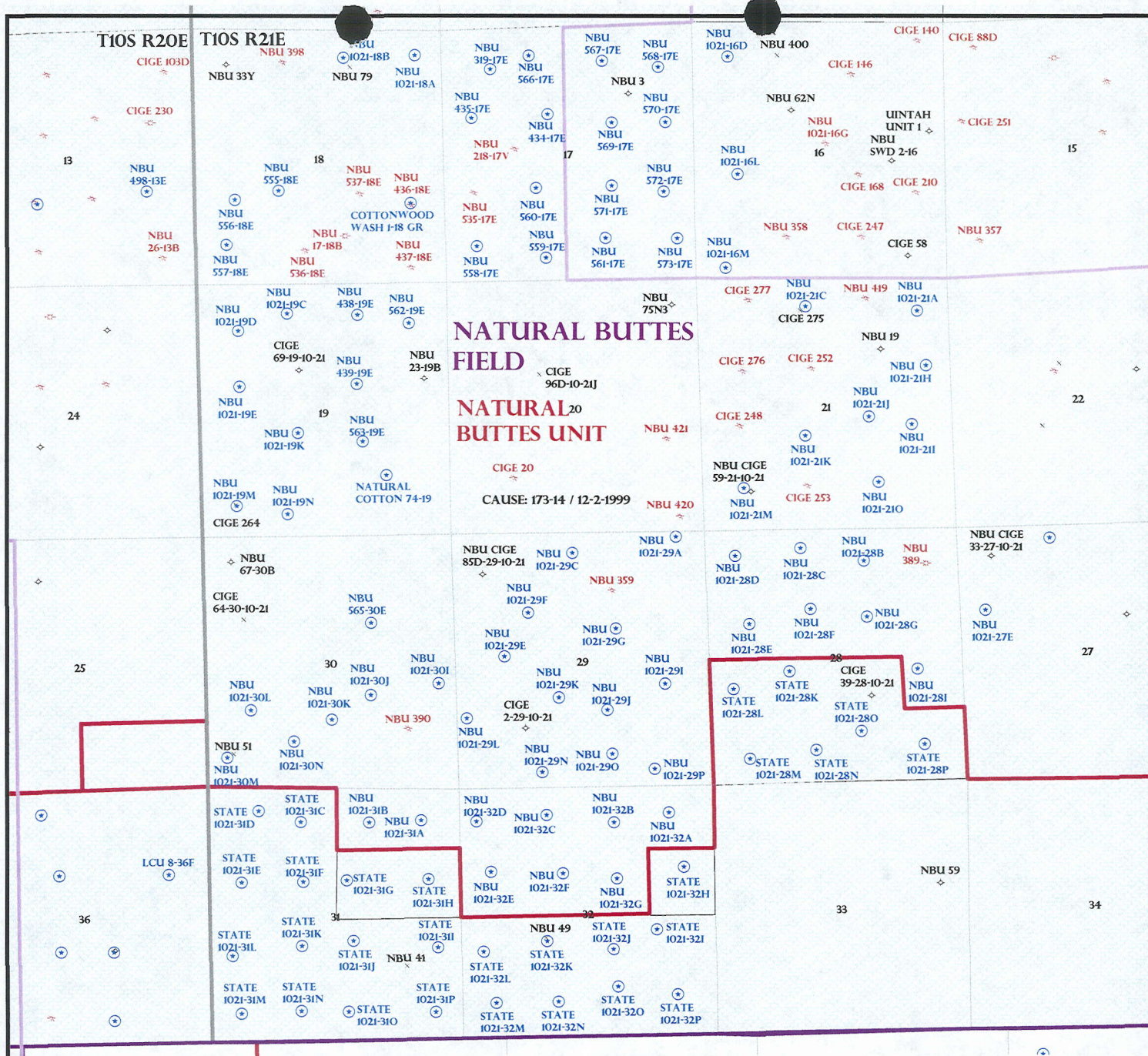
STIPULATIONS:

1- Spacing Strip

2- STATEMENT OF BASIS

3- OIL SHALE

4- Surface Csg Cont Strip



OPERATOR: KERR MCGEE O&G (N9550)

SEC: 28,31,32 T.10S R. 21E

FIELD: NATURAL BUTTES (630)

COUNTY: UINTAH

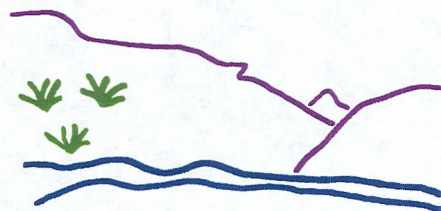
SPACING: R649-3-2 / GENERAL SITING

Field Status
 ABANDONED
 ACTIVE
 COMBINED
 INACTIVE
 PROPOSED
 STORAGE
 TERMINATED

Unit Status
 EXPLORATORY
 GAS STORAGE
 NF PP OIL
 NF SECONDARY
 PENDING
 PI OIL
 PP GAS
 PP GEOTHERML
 PP OIL
 SECONDARY
 TERMINATED

Wells Status

GAS INJECTION
 GAS STORAGE
 LOCATION ABANDONED
 NEW LOCATION
 PLUGGED & ABANDONED
 PRODUCING GAS
 PRODUCING OIL
 SHUT-IN GAS
 SHUT-IN OIL
 TEMP. ABANDONED
 TEST WELL
 WATER INJECTION
 WATER SUPPLY
 WATER DISPOSAL
 DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA MASON
 DATE: 23-MARCH-2007

Application for Permit to Drill

Statement of Basis

4/17/2007

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
321	43-047-39121-00-00		GW	S	No
Operator	KERR-MCGEE OIL & GAS ONSHORE, LP	Surface Owner-APD			
Well Name	STATE 1021-31I	Unit			
Field	UNDESIGNATED	Type of Work			
Location	NESE 31 10S 21E S 1908 FSL 489 FEL	GPS Coord (UTM) 620864E 4417618N			

Geologic Statement of Basis

Kerr McGee proposes to set 1,800' of surface casing at this location. The depth to the base of the moderately saline water at this location is estimated to be at a depth of 3,900'. A search of Division of Water Rights records shows no water wells within a 10,000 foot radius of the center of Section 31. The surface formation at this site is the Uinta Formation. The Uinta Formation is made up of interbedded shales and sandstones. The sandstones are mostly lenticular and discontinuous and should not be a significant source of useable ground water. Production casing cement should be brought up above the base of the moderately saline ground water to isolate it from fresher waters uphole.

Brad Hill
APD Evaluator

4/17/2007
Date / Time

Surface Statement of Basis

The general area is within the Love area of Natural Buttes in the upper Cottonwood Wash Drainage. The area is characterized by rolling hills and benches, which are frequently intersected by somewhat gentle draws, which flow into Cottonwood Wash. The draws are occasionally rimmed with steep side hills, which have exposed sand stone bedrock cliffs along the rims. Cottonwood Wash is an ephemeral drainage, which drains northerly approximately 11 miles to the White River. No seeps, springs or streams exist in the area. An occasional pond collecting runoff for livestock and antelope occurs.

This location is approximately 17 miles southeast of Ouray, Utah and is accessed by the Seep Ridge Road then by existing or planned oil field development roads to within 0.2 miles of the proposed site. New construction will be required from this point.

The proposed location is north of the Love road on the gentle north slope of a ridge. No drainage concerns exist. Cottonwood Wash is about 7/8 mile to the east.

Both the surface and minerals are owned by SITLA. Jim Davis represented SITLA at the pre-site investigation. Mr. Davis had no concerns pertaining to this location. The selected location appears to be the best site for drilling and operating a well in the immediate area.

Floyd Bartlett
Onsite Evaluator

4/5/2007
Date / Time

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 16 mils with a felt subliner shall be properly installed and maintained in the reserve pit.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator KERR-MCGEE OIL & GAS ONSHORE, LP
Well Name STATE 1021-31I
API Number 43-047-39121-0 **APD No** 321 **Field/Unit** UNDESIGNATED
Location: 1/4,1/4 NESE **Sec** 31 **Tw** 10S **Rng** 21E 1908 FSL 489 FEL
GPS Coord (UTM) 620866 4417620 **Surface Owner**

Participants

Floyd Bartlett (DOGM), Jim Davis (SITLA), Carroll Estes and Tony Keznic (Kerr McGee) and David Kay (Uintah Engineering and Land Surveying).

Regional/Local Setting & Topography

The general area is within the Love area of Natural Buttes in the upper Cottonwood Wash Drainage. The area is characterized by rolling hills and benches, which are frequently intersected by somewhat gentle draws, which flow into Cottonwood Wash. The draws are occasionally rimmed with steep side hills, which have exposed sand stone bedrock cliffs along the rims. Cottonwood Wash is an ephemeral drainage, which drains northerly approximately 11 miles to the White River. No seeps, springs or streams exist in the area. An occasional pond collecting runoff for livestock and antelope occurs.

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The proposed location is north of the Love road on the gentle north slope of a ridge. No drainage concerns exist. Cottonwood Wash is about 7/8 mile to the east.

Both the surface and minerals are owned by SITLA.

Surface Use Plan

Current Surface Use

Grazing
Recreational
Wildlife Habitat

New Road

Miles	Well Pad	Src Const Material	Surface Formation
0.2	Width 278 Length 350	Onsite	UNTA

Ancillary Facilities N

Waste Management Plan Adequate? Y

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Vegetation is a dense desert shrub type. Sagebrush, greasewood, spiny hopsage, curly mesquite, bud sage, halogeton, prickly pear and spring annuals are present.

Antelope, cattle, rabbits, coyotes, and small mammals, birds and raptors.

Soil Type and Characteristics

Deep sandy loam with no surface rock or nearby bed rock.

Erosion Issues N**Sedimentation Issues** N**Site Stability Issues** N**Drainage Diversion Required** N**Berm Required?** Y**Erosion Sedimentation Control Required?** N**Paleo Survey Run?** Y **Paleo Potential Observed?** N **Cultural Survey Run?** N **Cultural Resources?****Reserve Pit****Site-Specific Factors****Site Ranking**

Distance to Groundwater (feet)	>200	0
Distance to Surface Water (feet)	>1000	0
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	300 to 1320	10
Native Soil Type	Mod permeability	10
Fluid Type	Fresh Water	5
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)	<10	0
Affected Populations	<10	0
Presence Nearby Utility Conduits	Not Present	0

Final Score 25 1 **Sensitivity Level****Characteristics / Requirements**

The proposed reserve pit is 70' x 150' x 10' deep located in a cut on the southeast corner of the location. A 20 mil liner with a felt sub-liner is planned by Kerr McGee.

Closed Loop Mud Required? N **Liner Required?** Y **Liner Thickness** 16 **Pit Underlayment Required?** Y**Other Observations / Comments**

Ben Williams representing the UDWR was not at the presite but stated the previous day that all the remaining locations in the area were classified as yearlong critical habitat for antelope. He stated that the lack of water not forage is the limiting factor affecting the herd in the area. He recommended no restrictions for antelope. No other wildlife is expected to be significantly affected. He gave Jim Davis of SITLA and Carroll Estes of Kerr McGee a copy of his wildlife evaluation and a UDWR recommended seed mix to be used when re-vegetating the locations.

ATV's were used to access the site.

Floyd Bartlett
Evaluator

4/5/2007
Date / Time

Casing Schematic

Surface

BHP $0.052(9200)11.5 = 5502 \text{ psi}$
anticipate 5704 psi

Gas $.12(9200) = 1104$
 $5502 - 1104 = 4398 \text{ psi, MASP}$

BOPE SM ✓

9-5/8"
MW 8.3
Frac 19.3

Burst 2270
70% 1589 psi

Max P@ Surf. shoe

$.22(7400) = 1628$

$5502 - 1628 = 3874 \text{ psi}$

1800 psi = max allowed pressure @ Surf. Shoe

test to 1589 psi ✓

Strip surf. cement. ✓

Adequate DAD 4/30/07

4-1/2"
MW 11.5

TOC @
0.

Uinta

to surf w/ 9% w/o
TOC @ 441. * Surf. Stop ✓

998' GR

1232' Birds Nest Water

1754' Mahogany
Surface
1800. MD

3900' ± BMSW
4160' Wasatch

7041' Mesaverde

8057' MV U2

8563' MV L1

Production
9200. MD

Well name:	2007-04 Kerr McGee State 1021-311	
Operator:	Kerr McGee Oil & Gas Onshore L.P.	
String type:	Surface	Project ID: 43-047-39121
Location:	Uintah County, Utah	

Design parameters:
Collapse

Mud weight: 8.300 ppg
Design is based on evacuated pipe.

Minimum design factors:
Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 100 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,400 ft

Cement top: 441 ft

Burst

Max anticipated surface pressure: 1,584 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 1,800 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on buoyed weight.

Neutral point: 1,581 ft

Non-directional string.
Re subsequent strings:

Next setting depth: 9,200 ft
Next mud weight: 11.500 ppg
Next setting BHP: 5,496 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 1,800 ft
Injection pressure: 1,800 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	1800	9.625	32.30	H-40	ST&C	1800	1800	8.876	795.4

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	776	1370	1.765	1800	2270	1.26	51	254	4.97 J

Prepared Helen Sadik-Macdonald
by: Div of Oil, Gas & Minerals

Phone: (801) 538-5357
FAX: (801) 359-3940

Date: April 23, 2007
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 1800 ft, a mud weight of 8.3 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	2007-04 Kerr McGee State 1021-311	
Operator:	Kerr McGee Oil & Gas Onshore L.P.	
String type:	Production	Project ID: 43-047-39121
Location:	Uintah County, Utah	

Design parameters:
Collapse

Mud weight: 11.500 ppg
Design is based on evacuated pipe.

Minimum design factors:
Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 204 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 3,472 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 5,496 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Non-directional string.

Tension is based on buoyed weight.

Neutral point: 7,618 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	9200	4.5	11.60	I-80	LT&C	9200	9200	3.875	802.9

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	5496	6360	1.157	5496	7780	1.42	88	212	2.40 J

Prepared Helen Sadik-Macdonald
by: Div of Oil, Gas & Minerals

Phone: (801) 538-5357
FAX: (801) 359-3940

Date: April 23, 2007
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 9200 ft, a mud weight of 11.5 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-22794
2. NAME OF OPERATOR: KERR MCGEE OIL AND GAS ONSHORE LP		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 1368 SOUTH 1200 EAST VERNAL UT 84078		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1908' FSL 489' FEL		8. WELL NAME and NUMBER: STATE 1021-311
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESE 31 10S 21E		9. API NUMBER: 43647-39121
COUNTY: UINTAH		10. FIELD AND POOL, OR WILDCAT NATURAL BUTTES
STATE: UTAH		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON	
	<input checked="" type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR	
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE	
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL	
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF	
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____	
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION		

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

An onsite was conducted on 4/5/07 with the Division of Oil, Gas and Mining Representative and SITLA Representative. It was decided to change the proposed pipeline from a 4" pipeline approximately 876 +/- to a 4" pipeline approximately 2,150' +/- and a 6" pipeline approximately 1,250' +/-.

Please refer to the attached Topo D.

Accepted by the
Utah Division of
Oil, Gas and Mining
For Record Only

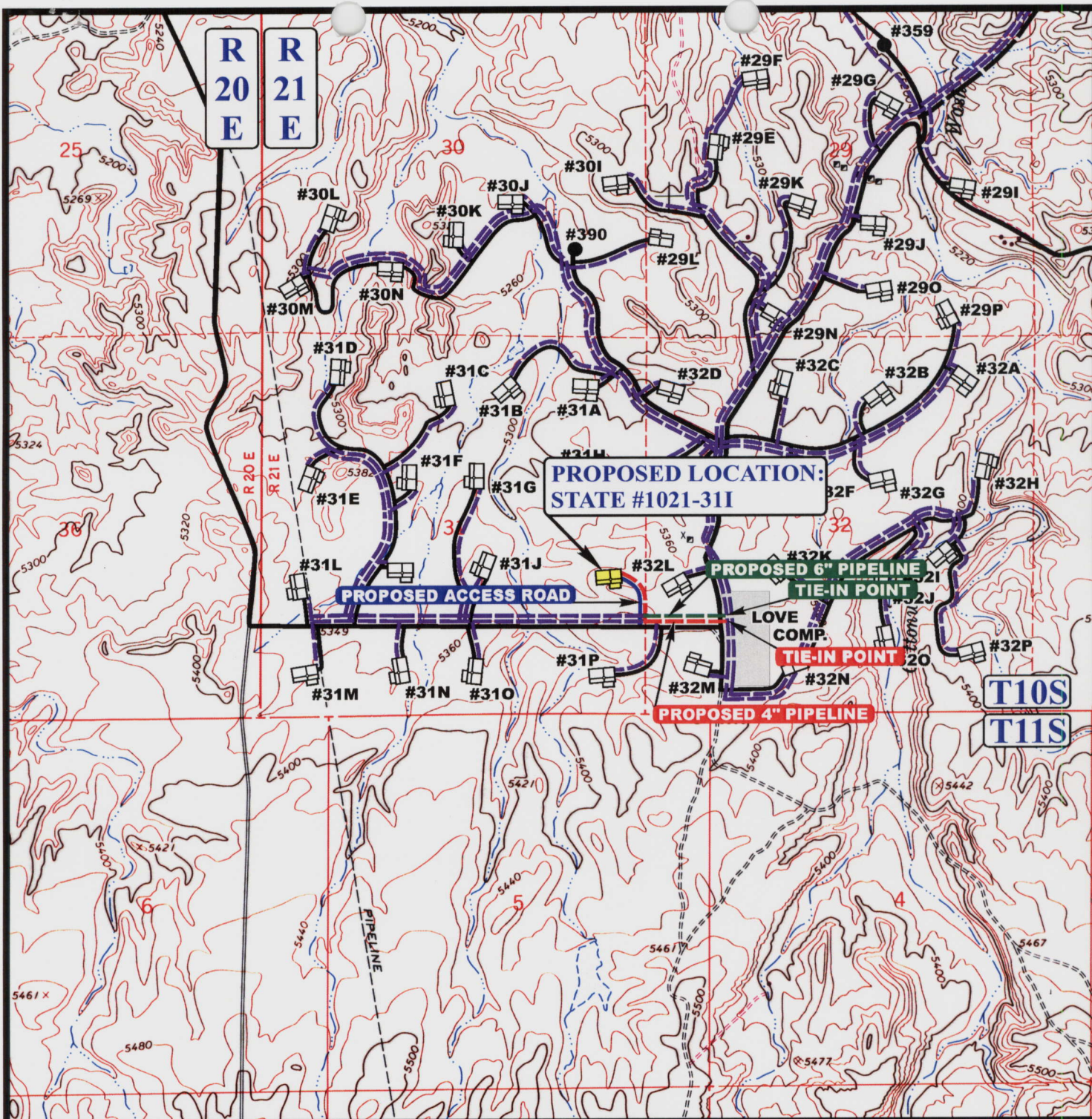
NAME (PLEASE PRINT) Ramey Hoopes	TITLE Land Specialist I
SIGNATURE <i>Ramey Hoopes</i>	DATE 4/18/2007

(This space for State use only)

RECEIVED

APR 23 2007

DIV. OF OIL, GAS & MINING



APPROXIMATE TOTAL 6" PIPELINE DISTANCE = 1,250' +/-

APPROXIMATE TOTAL 4" PIPELINE DISTANCE = 2,150' +/-

LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING PIPELINE
- - - - PROPOSED PIPELINE
- - - - PROPOSED PIPELINE (SERVICING OTHER WELLS)



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813



Kerr-McGee Oil & Gas Onshore LP

STATE #1021-311
SECTION 31, T10S, R21E, S.L.B.&M.
1908' FSL 489' FEL

**TOPOGRAPHIC
MAP**

12 27 06
 MONTH DAY YEAR

SCALE: 1"=2000' DRAWN BY: B.C. REVISED: 04-13-07C.P.

**D
TOPO**

From: Ed Bonner
To: Mason, Diana
Date: 6/7/2007 4:43 PM
Subject: Well Clearance

CC: Davis, Jim; Garrison, LaVonne; Hill, Brad; Hunt, Gil

The following wells have been given cultural resources clearance by the Trust Lands Cultural Resources Group:

Enduring Resources, LLC

Coyote Basin 8-25-11-16 (API 43 047 39189)

EOG Resources, Inc

NBU 635-12E (API 43 047 39190)

NBU 636-12E (API 43 047 39191)

NBU 632-12E (API 43 047 39192)

NBU 633-12E (API 43 047 39193)

NBU 634-12E (API 43 047 39194)

Kerr McGee Oil & Gas Onshore LP

NBU 1022-25B (API 43 047 39032)

NBU 1022-25G (API 43 047 39142)

NBU 1021-31A (API 43 047 39111)

State 1021-31M (API 43 047 39112)

State 1021-31E (API 43 047 39113)

State 1021-31D (API 43 047 39114)

State 1021-31C (API 43 047 39115)

NBU 1021-31B (API 43 047 39116)

State 1021-31P (API 43 047 39117)

State 1021-31L (API 43 047 39118)

State 1021-31N (API 43 047 39119)

State 1021-31O (API 43 047 39120)

State 1021-31I (API 43 047 39121)

State 1021-31J (API 43 047 39122)

State 1021-31K (API 43 047 39123)

State 1021-31F (API 43 047 39124)

State 1021-31G (API 43 047 39125)

State 1021-31H (API 43 047 39126)

If you have any questions regarding this matter please give me a call.



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

June 12, 2007

Kerr-McGee Oil & Gas Onshore, LP
1368 South 1200 East
Vernal, UT 84078

Re: State 1021-311 Well, 1908' FSL, 489' FEL, NE SE, Sec. 31, T. 10 South, R. 21 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-39121.

Sincerely,

Gil Hunt
Associate Director

er
Enclosures

cc: Uintah County Assessor
SITLA



Operator: Kerr-McGee Oil & Gas Onshore, LP
Well Name & Number State 1021-31I
API Number: 43-047-39121
Lease: ML 22794

Location: NE SE Sec. 31 T. 10 South R. 21 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

The operator is required to notify the Division of Oil, Gas and Mining of the following action during drilling of this well:

- 24 hours prior to cementing or testing casing – contact Dan Jarvis
- 24 hours prior to testing blowout prevention equipment – contact Dan Jarvis
- 24 hours prior to spudding the well – contact Carol Daniels
- Within 24 hours of any emergency changes made to the approved drilling program – contact Dustin Doucet
- Prior to commencing operations to plug and abandon the well – contact Dan Jarvis

The operator is required to get approval from the Division of Oil, Gas and Mining before performing any of the following actions during the drilling of this well:

- Plugging and abandonment or significant plug back of this well – contact Dustin Doucet
- Any changes to the approved drilling plan – contact Dustin Doucet

The following are Division of Oil, Gas and Mining contacts and their telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at: (801) 538-5338 office (801) 942-0873 home
- Carol Daniels at: (801) 538-5284 office
- Dustin Doucet at: (801) 538-5281 office (801) 733-0983 home

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.
5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)
6. In accordance with Order in Cause No. 190-5(b) dated October 28, 1982, the Operator shall comply with requirements of Rules R649-3-31 and R649-3-27 pertaining to Designated Oil Shale Areas. Additionally, the operator shall ensure that the surface and/or production casing is properly cemented over the entire oil shale interval as defined by Rule R649-3-31. The Operator shall report the actual depth the oil shale is encountered to the Division.
7. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.
8. Surface casing shall be cemented to the surface.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-22794
2. NAME OF OPERATOR: Kerr-McGee Oil & Gas Onshore, LP		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA
3. ADDRESS OF OPERATOR: PO Box 173779 CITY Denver STATE CO ZIP 80217-3779		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: (720) 929-6171		8. WELL NAME and NUMBER: State 1021-31I
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1908 FSL & 489 FEL		9. API NUMBER: 4304739121
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESE 31 10S 21E		10. FIELD AND POOL, OR WILDCAT: Natural Buttes Field

COUNTY: Uintah

STATE: UTAH

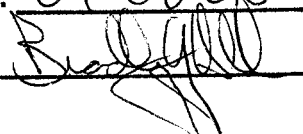
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: APD Extension
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

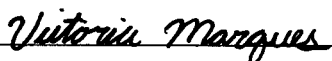
Kerr McGee Oil and Gas Onshore, LP respectfully requests a one year extension for State 1021-31I, in order to complete drilling operations. The Utah Division of Oil, Gas, and Mining initially approved this APD on 6/12/2007.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 07-08-08
By: 

COPY SENT TO OPERATOR

Date: 7.9.2008
Initials: KS

NAME (PLEASE PRINT) Victoria Marques	TITLE Regulatory Intern
SIGNATURE 	DATE 6/25/2008

(This space for State use only)

RECEIVED
JUN 27 2008

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 4304739121
Well Name: State 1021-31I
Location: NESE 1908 FSL 489 FEL Sec. 31 T 10S 21E
Company Permit Issued to: Kerr-McGee Oil & Gas Onshore, LP
Date Original Permit Issued: 6/12/2007

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☒

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐

Victoria Marques
Signature

6/25/2008
Date

Title: Regulatory Intern

Representing: Kerr-McGee Oil & Gas Onshore, LP

RECEIVED

JUN 27 2008

DIV. OF OIL, GAS & MINING

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-22794
1. TYPE OF WELL Gas Well		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P.		7. UNIT or CA AGREEMENT NAME:
3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779		8. WELL NAME and NUMBER: STATE 1021-311
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1908 FSL 0489 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NESE Section: 31 Township: 10.0S Range: 21.0E Meridian: S		9. API NUMBER: 43047391210000
PHONE NUMBER: 720 929-6007 Ext		9. FIELD and POOL or WILDCAT: NATURAL BUTTES
COUNTY: UTAH		STATE: UTAH
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
TYPE OF SUBMISSION	TYPE OF ACTION	
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 6/26/2009 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION </div> <div style="width: 33%;"> <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER </div> <div style="width: 33%;"> <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER: </div> </div>	
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. Kerr-McGee Oil & Gas Onshore, L.P. (Kerr-McGee) respectfully requests an extension to this APD for the maximum time allowed. Please contact the undersigned with any questions and/or comments. Thank you.		
NAME (PLEASE PRINT) Danielle Piernot		PHONE NUMBER 720 929-6156
SIGNATURE N/A		TITLE Regulatory Analyst
DATE 6/23/2009		APPROVED BY: <div style="text-align: right;"> Approved by the Utah Division of Oil, Gas and Mining Date: June 23, 2009 By: </div>



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047391210000

API: 43047391210000

Well Name: STATE 1021-31I

Location: 1908 FSL 0489 FEL QTR NESE SEC 31 TWNP 100S RNG 210E MER S

Company Permit Issued to: KERR-MCGEE OIL & GAS ONSHORE, L.P.

Date Original Permit Issued: 6/12/2007

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. Following is a checklist of some items related to the application, which should be verified.

- If located on private land, has the ownership changed, if so, has the surface agreement been updated? ☐ Yes ☒ No
- Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? ☐ Yes ☒ No
- Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? ☐ Yes ☒ No
- Have there been any changes to the access route including ownership, or rightof- way, which could affect the proposed location? ☐ Yes ☒ No
- Has the approved source of water for drilling changed? ☐ Yes ☒ No
- Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? ☐ Yes ☒ No
- Is bonding still in place, which covers this proposed well? ☒ Yes ☐ No

**Approved by the
Utah Division of
Oil, Gas and Mining**

Signature: Danielle Piernot

Date: 6/23/2009

Title: Regulatory Analyst **Representing:** KERR-MCGEE OIL & GAS ONSHORE, L.P.

Date: June 23, 2009

By: 

RECEIVED June 23, 2009



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

June 16, 2010

Kerr-McGee Oil & Gas Onshore, L.P.
P.O. Box 173779
Denver, CO 80217

Re: APD Rescinded – State 1021-31I, Sec. 31, T. 10S, R. 21E,
Uintah County, Utah, API No. 43-047-39121

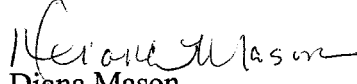
Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on June 12, 2007. On July 8, 2008 and June 23, 2009 the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective June 16, 2010.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
SITLA, Ed Bonner